

# NYS Payroll Card Survey

## Summary of Findings



Members of the NYS Payroll Card Working Group spoke to New Yorkers who work in retail, restaurant and other sectors to learn about their experiences with payroll cards. Here are the major problems the workers flagged:

- >> Employers required workers to receive their wages on payroll cards.** Nearly half (49%) of workers with payroll cards said they were not given a choice of how to receive their wages—in violation of state and federal laws. One employee of a major national department store told us, “I was basically handed the card to use as if I had no choice.” A worker at a designer clothing retailer said, “It was made almost impossible to opt out.”
- >> Workers must pay high and hidden fees which decrease their wages.** Workers with payroll cards said they were charged multiple fees to receive their wages, including monthly maintenance fees, ATM and Point-of-Sale (“swipe”) fees, declined transaction fees, and inactivity fees. More than one in four (27%) workers said they were hit with overdraft fees – ranging from \$5 to \$30 – despite the fact that payroll cards are typically marketed as a way to avoid costly bank overdraft charges.
- >> Employers frequently fail to provide workers with vital information about payroll card fees and terms.** Nearly one in three (30%) workers with payroll cards said they were charged fees they did not expect. Most workers received some verbal or written information, but disclosures varied and frequently did not explain fees or cardholders’ rights. Only one in three workers, for example, said they were told how to access their wages at free ATM/bank networks.
- >> Payroll cards expose workers to heightened risk of fraud and identity theft, and are fraught with servicing and processing errors.** Several workers raised concerns about identity theft, especially in cases where payroll cards did not have workers’ names on them. Workers also complained about errors in the servicing of payroll cards – such as incorrect spelling of names, PIN code errors and delays in receiving cards – that resulted in workers being denied access to their funds or hit with unfair fees.

**Survey Respondents.** Survey respondents who were issued payroll cards were:

- Largely people of color: 33% were Latino, 18% were black, 33% were white.
- Low-wage workers: 90% were paid less than \$12/hour, and 61% less than \$10/hour.
- Primarily in entry-level positions, though 21% were managers or supervisors.
- Employed at retail chain stores, fast food restaurants, or public agencies.

**Payroll Card Issuers.** The following list represents employers that reportedly issued payroll cards to our survey respondents, in some cases causing the problems described above: 4C Foods Corp, 7-Eleven, American Apparel, Burger King, Cotton on USA, H&M, Kmart, Kohl’s, Limited Brands (Victoria’s Secret), Macy’s, NYC’s Summer Youth Employment Program, Petco, Polo Ralph Lauren, RGIS, Spring, Things Remembered, Tommy Hilfiger, U-Haul, Vans, YMCA, and several public colleges.

*In spring 2014, NYS Payroll Card Working Group members New Economy Project, NYPIRG, and Retail Action Project (RAP) surveyed 192 New Yorkers, including retail workers at RAP’s New York City office and students at public universities and colleges across New York State. Among these workers, 33 (17%) said they were paid on payroll cards. Their responses are summarized in this survey snapshot.*

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